

## **UPDATE ON THE POTENTIAL ACQUISITION OF THE COOLGARDIE GOLD PROJECT**

Horizon Minerals Limited (formerly Intermin Resources Limited) (ASX: HRZ) (**Horizon**) is a party to an Exclusivity Deed with Focus Minerals Limited (ASX: FML) (**Focus**) relating to the potential acquisition by Horizon of Focus' Coolgardie Gold Project (including the Three Mile Hill processing plant) (**Proposed Transaction**). The details of the Exclusivity Deed have been previously announced to the ASX on 11 February 2019, 6 September 2019, 9 September 2019 and 25 September 2019.

The Exclusivity Deed includes "no shop" and "no talk" restrictions in favour of Horizon, as well as notification and matching rights in respect of any competing proposals for the Coolgardie Gold project.

Horizon has exercised its matching right under the Exclusivity Deed in response to a superior competing proposal to purchase the Coolgardie Gold Project received by Focus from a third party (**Competing Proposal**) and has submitted a non-binding counter proposal (**Counter Proposal**).

Focus' board has made a determination that the Counter Proposal is no less favourable than the Competing Proposal and accordingly the parties have amended the terms of the Exclusivity Deed to reflect the Counter Proposal.

### **Amendments to exclusivity arrangements**

Horizon and Focus have agreed to extend the exclusivity period under the Exclusivity Deed until 17 December 2019.

The exclusivity regime under the Exclusivity Deed has also been amended to remove the previous fiduciary carve outs and allow Horizon full exclusivity during this period. In addition Focus has agreed to pay Horizon a break fee of \$1,040,000 in the event that Focus enters into a written agreement with a third party other than Horizon to pursue a competing proposal during the extended exclusivity period.

## **Amendments to Key Commercial Terms**

The amended key commercial terms of the Proposed Transaction are set out in the Schedule to this announcement. A summary of the key changes are:

- The consideration for the Proposed Transaction is now A\$52 million payable solely in cash over a 12 month period (previously A\$55 million comprising A\$12 million in shares and A\$43 million in cash over a 3.5 year period).
- A funding condition has been included for the benefit of Focus with a break fee of \$1,000,000 payable by Horizon if the condition is not satisfied or waived by a date to be agreed.
- Horizon has agreed to replace the environmental bonds in respect of the tenements as and if required by the Department of Mines Industry Regulation and Safety (**DMIRS**).

The parties are now required to use their reasonable endeavours to agree formal binding documentation in respect of the Proposed Transaction.

The Proposed Transaction remains subject to the negotiation and entry into of formal binding written documentation and the obtaining of necessary approvals. Accordingly there is no assurance that the acquisition of the Coolgardie Gold Project and Three Mile Hill processing plant by Horizon will proceed.

## **For further information, please contact:**

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## SCHEDULE 1 – KEY COMMERCIAL TERMS

Under the Exclusivity Deed, the terms of the formal documentation (if executed) are to be consistent with the following key terms:

1. **Structure:** The Proposed Transaction will be structured as an asset sale under which all of the Coolgardie Gold Project assets will be transferred from Focus and its wholly owned subsidiary, Focus Operations Pty Ltd, to CGP Assets Pty Ltd (as **Purchaser**) (a wholly owned subsidiary of Horizon) free from encumbrances save for certain permitted encumbrances (**Asset Sale Agreement**).
2. **Parties:** The parties to the Asset Sale Agreement will comprise Focus (as vendor), the Purchaser and Horizon (as guarantor of the Purchaser's obligations).
3. **Conditions Precedent:** Completion of the Proposed Transaction will be subject to agreed conditions precedent including:
  - a. necessary regulatory approvals and consents, including ministerial consent to the transfer of the Coolgardie Gold Project tenements (**Tenements**);
  - b. necessary third party consents and waivers of pre-emptive rights in respect of the Tenements;
  - c. a condition for the benefit of Horizon that it obtains binding funding commitments (on terms and conditions satisfactory to it) for not less than A\$30 million (**Funding Condition**); and
  - d. other customary conditions precedent for transactions similar to the Proposed Transaction.
4. **Funding Condition Break Fee:** If the Funding Condition is not satisfied or waived by the agreed sunset date for the conditions precedent then Horizon will be required to pay Focus a break fee of A\$1,000,000.
5. **Purchase Price:** The purchase price will be A\$52 million in cash payable to Focus as set out in the table below.

| Date of Payment                                                                                                                                         | Cash Consideration |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>Completion Date:</b><br>The date completion of the sale and purchase of the assets under the Asset Sale Agreement occurs ( <b>Completion Date</b> ). | A\$30.0 million.   |
| <b>Deferred Consideration Payment Date:</b><br>The date that is 12 calendar months after the Completion Date (or the next Business Day).                | A\$22.0 million.   |

6. **Security:** The obligations of the Purchaser (and Horizon, as guarantor) to pay the deferred component of the Purchase Price will be secured in favour of Focus by first ranking security over the assets (subject to any agreed pre-existing security interests) and the shares in the Purchaser.

7. **Environmental Obligations:** From Completion the Purchaser will assume responsibility for all environmental obligations in respect of the Coolgardie Gold Project arising before, on or after Completion.
8. **Environmental Bonds:** Horizon will do all things reasonably necessary, or as DMIRS may require, to effect the retirement of the environmental bonds in respect of Tenements acquired by Horizon under the Proposed Transaction including providing replacement bonds as required by DMIRS.
9. **Warranty regime:** The assets will be sold on an 'as is where is' basis and subject to only limited warranties by Focus in favour of the Purchaser and Horizon.